

United States
Circuit Court of Appeals
For the Ninth Circuit

DALLAS MACHINE & LOCOMOTIVE
WORKS, INC., a corporation,

Appellant,

vs.

WILLAMETTE - HYSTER COMPANY, a corporation, and CLARK & WILSON LUMBER
COMPANY, a corporation,

Appellees.

Appellant's Reply Brief

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Page

Denominational Envelope Co. vs. Duplex Envelope Company, 80 Fed. (2d) 186, C. C. A. 4th	10
Frey vs. Marvel Auto Supply Co., 236 F. 916, 150 C. C. A. 178	7
Gillons vs. The Shell Co., 86 Fed. (2d) 600	12
Graftint Mfg. Co. vs. Baker et al, 94 Fed. (2d) 369 .	15
Gulf Smokeless Coal Co. vs. Sutton, Steele & Steele, 35 Fed. (2d) 433, 437 (C. C. A. 4th)	7
J. A. Mohr & Son vs. Alliance Securities Co., 14 Fed. (2d) 799-800	7
Menendez vs. Holt, 128 U. S. 514, 524	17
Naylor vs, Alsop Process Co., 168 F. 911, 94 C. C. A. 315	7

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From page 2 of Appellant's Brief, it is apparent that only three questions are presented by this Appeal. These arose on the defenses interposed to the Complaint, viz:

I. "That the invention was anticipated by prior art and the patent claim sued on is invalid; II. That in order to sustain the claim, at all, it must be narrowed by

construction, and when so construed, the defendants do not infringe; III. That the plaintiff's delay in instituting suit on this patent shows it to have been guilty of such laches that it must be barred from all relief."

The introduction of the Brief further states that:

"The trial of the case was referred by the Court to the Standing Master who reported in favor of defendants on all three defenses; and the District Court confirmed the Master's report overruling plaintiff's exceptions.

"Appellant's contention is that the proofs refute all of the defenses."

No conflict of evidence is involved. The only questions to be determined by this Court are the sufficiency of the evidence to support the Findings of Fact and the Conclusions of Law of the District Court as provided by Rule 52 of the Federal Rules of Civil Procedure.

Appellant in the preparation of its Brief endeavored to comply faithfully with the rules of this Court and in compliance with the purpose thereof did endeavor to specify with particularity the Findings of Fact and Conclusions of Law complained of by Appellant as erroneous. In accordance with the Rule 19, 6, Appellant "upon the filing of the record in this Court" filed with the Clerk "a concise statement of the points on which Appellant intends to rely on this Appeal." This required statement of Points on Appeal, Appellant's Counsel believes to be a substitute for the former "Assignment of Errors", in conformity with the procedure prescribed by Rule 75 of the Federal Rules of Civil Procedure, and Appellant's counsel interpreted the re-

quirement of Rule 20, 2(d) of this Court, as to the specification by Appellant “as particularly as may be wherein the findings of fact and conclusions of law are alleged to be erroneous”, as requiring a reference in the Brief to said Points on Appeal on which Appellant relies. And so, at the end of the statement of the facts concerning specifically each of the three points of Appeal, Appellant stated its exceptions to the Finding of the Master; and at the head of the Argument on each of these three Points entitled—I. “Claim 4 of Plaintiff’s patent is Valid”, p. 42; II. “The Appellees Infringed the Plaintiff’s patent”, p. 60; and III. “The Defense of Laches and Estoppel is Without Basis”, p. 61-73, and Appellant referred specifically to said Points on Appeal.

If Appellant’s counsel has misconstrued the requirement of Rule 20, 2(d) as Appellees’ counsel contends, Appellant begs the indulgence of the Court. It is submitted that Appellant’s Brief shows that Appellant endeavored in good faith to point out, fully and concisely the three questions to be considered and decided by this Court. And it is further submitted, that Appellees’ Brief shows that Appellees understood fully the questions presented by this Appeal.

* * * *

The Appellees’ Brief, by side-stepping the dominant points squarely presented by Appellant’s Brief, and by making unwarranted deductions from the evidence in this case, confuses instead of aiding the Court in the consideration and determination of the simple questions presented by this Appeal.

The first question is, "Is Claim 4 valid?" Its validity is stated by Appellant's Brief beginning at page 42. It is based on the following facts:

The cable-operated mechanism for lifting and lowering the load-carrying shoes of the prior straddle-type carriers was undependable. "The cable did not give a positive and uniform" action. (Master's Report, Tr. 59). The District Court said, (Tr. 140): "It is true that the other 'straddle carriers' had ropes or cable lifts and were probably not as efficient as the Gerlinger device."

The Master credited Gerlinger with the origination of "load-lifting means * * * having *four lifting points that lift positively and in unison.*" (Master's Report, Tr. 76.)

The District Court said: "The Gerlinger device does contain a four-point independent lift positively actuated". (Tr. 134).

Appellees in asserting invalidity of Claim 4 apparently rely on the Findings of the Master and their adoption by the District Court. But Appellant challenges these findings on the ground that they are contrary to the evidence.

Neither the Master nor the District Court found the combination of Claim 4 anticipated by prior *existing* devices, but built up the anticipation by a purely imagined prior similar combination. According to the conjecture

of the Master the prior, undependable straddle-type carrier was, in the first place, to be *reconstructed* by doing away with the undependable cable-operated mechanism and substituting in its place a four-point *positive* and *uniformly-actuated* mechanism; and then, in connection with such imagined *reconstruction*, to provide further means for limiting the raising and the lowering of the load-carrying shoes to safe levels. For such imagined *reconstruction* the art waited for seven years; until Gerlinger gave it to the art; and his improvement was thereupon immediately adopted. (Appellant's Brief, page 48). Evidently the fault of the prior cable mechanism went unobserved; or, a means for overcoming the fault was not conceived by prior inventors, or users, or manufacturers.

Appellees, unable to prove anticipation, have recourse to the theory of alleged aggregation. Appellees do not pretend to support this theory, but again rely on the Master's findings. Appellees, in their Brief, beginning on page 27, do refer to the several *single-point platform lift trucks*, (also called "front-end" trucks) shown by the patents to Dingee, Carr, and other similar trucks, or stationary elevators, as examples of mechanism for controlling the raising and lowering of the platform. All these patents, as Appellees' own expert witness, Grab, said, were alike in principle of operation, and *did not suggest* the building of a straddle-type carrier. (See Appellant's Brief, page 16).

Appellees, realizing the utter insufficiency of their proofs of anticipation, make much ado of the fact that Appellant at the trial of this case disclaimed the front-

end truck shown by Defendants' Exhs. 41, 42, and 43 (Tr. 945, 948 and 949) as an infringement of the patent. (See Tr., page 443). The Appellees seek to distort such disclaimer of infringement to an admission of the invalidity of Claim 4, in support of the findings of the Master. The reason for said disclaimer is simple. Exh. 41 is the same type of platform-truck as shown by said patents to Dingee, Carr, and others referred to in Appellants Brief, page 15. None of these platform trucks obviously would infringe Claim 4, had they been later than the patent in suit. Not infringing Claim 4 they cannot constitute an anticipation of the claim.

Anticipation of Claim 4 is attempted by Appellees by imaginative combination to be obtained by the interpretation of prior patents, (viz: the patents on straddle-type carriers of Ross and Overlin), showing undependable cable-operated mechanism, and not requiring, therefore not showing, any control for the lifting and lowering of the load, except the manual control of the motor applied by the driver of the carrier. These Ross and Overlin patents are to be *reconstructed* by substituting for their cable mechanism a positive and uniformly-actuated mechanism; and the anticipating device so partly imagined is to be completed by tying in with it means for limiting the lifting and lowering of the load, these means to be taken from the patents to Dingee, Carr, and others describing platform-trucks and elevators; with the control shown by these patents rearranged so as to be adapted for being combined with positive and uniformly-actuated lifting and lowering mechanism.

On this point, the holding of this Court in the case of *J. A. Mohr & Son vs. Alliance Securities Co.*, 14 Fed. (2d) 799-800 is to be applied. This Court said:

“It will not do to say that the Fisher combination might by a slight modification be made to perform the same functions. It is to be borne in mind that *the prior art here relied upon consists entirely of patents, and that when it is sought by means of prior patents to ascertain the state of the art, ‘nothing can be used except what is disclosed on the face of those patents. They cannot be reconstructed in the light of the invention in suit, and then used as a part of the prior art.’* *Naylor v. Alsop Process Co.*, 168 F. 911, 94 C. C. A. 315; *Frey v. Marvel Auto Supply Co.*, 236 F. 916, 150 C. C. A. 178. *And the presumption that a patented combination is new and useful and embodies invention has added force where, as here, it appears that the patents relied upon as showing anticipation were considered by expert Patent Office officials. While their judgment is not absolutely binding on a court, it is entitled to great weight and is to be overcome ONLY by clear proof that they were mistaken and that the combination lacks patentable novelty.”*

The principle announced by this Court in the case last referred to has been adopted and cited with approval in many later decisions; for example, *Gulf Smokeless Coal Co. vs. Sutton, Steele & Steele*, 35 Fed. (2d) 433, 437 (C. C. A. 4th).

Since the evidence leaves Claim 4 unscathed, the Appellees persistently drag in the load-actuated stop No. 67, merely described in the specification of the patent

in suit as an incidental feature, in a futile attempt to confuse the issues in this case. Neither the Master (see his Report, Tr. 63) nor the District Court (see Tr. 141) found anything to criticize in the employment by Gerlinger, in the control mechanism of his lifting means, of a stop mechanism operating in response to the mere lifting of the shoes and constructed in the same way as the stop mechanism employed controlling the lowering of the shoes. The Master, in his report (Page 75) indeed conceded that "The plaintiff herein does not limit the scope of his patent to a *specific* means whereby the clutch is thrown into neutral and the brake simultaneously applied." But the Master, finding it impossible to conceive invention according to his estimate of what Gerlinger did to make the undependable straddle-type carriers efficient, held that Gerlinger's invention was "not primary and cannot be accorded the broad construction." Therefore he purposed saving claim 4 by restricting the broad term "*means*" to "*load-actuated*" means. The combination of Claim 4 being broadly new, the District Court was without authority to change its language and thus, in effect, nullify it.

The rack bars and pinions employed by Gerlinger and specifically described in his patent specifications, were correctly described by the Master, (Tr. page 69) as "a mechanism of a positive or rigid type such as rack bars and pinions, toggle lifts or screw type." The Appellees' infringing straddle-type carriers employed mechanism of the screw type as shown by Exh. 34, (see Appellant's Brief, at page 25). In short, the Appellees' straddle-type carriers were, in every respect, a palpable infringement of Claim 4.

Taking up briefly, certain of the headline assertions of Appellees' Brief:

Page 17: Infringement in the instant case is made out by identity in purpose, operation and result between the patent and the Appellees' infringing machines.

Page 26: The patent in suit does not cover an up-movement-stop "actuated only by the load", but, covers any up-movement stop actuated by the up-movement of the load-lifting means.

Page 34: The Grab patent is included to prove actual knowledge, on the part of the Defendant, Willamette-Hyster Company, of the patent in suit.

Page 43: Infringement in the instant case is established by reason of the identity of the infringing machines with the purpose, operation, and result achieved and described by the patent in suit.

Pages 35 and 46: The accused machine has not "a substantially different mode of operation", but its *mode of operation* is identical with that described by the patent in suit.

Page 48: The language of Claim 4 cannot be properly construed so as to describe any prior art. Claim 4, clearly construed, describes directly the "accused machines".

Page 55: Claim 4 describes an invention, and the prior art in evidence is not analogous to the invention described by the patent.

Page 56: The introduction of the claim is a means for identifying the device to which the invention belongs.

Page 72: The rule governing the patenting of a new element in an old combination has no application here. There never having been, previous to Gerlinger's invention, a straddle-type carrier provided with *positive and uniformly-actuated mechanism for lifting and lowering the load-carrying shoes*, such being the finding of the Master; and since the combination, with such means of an *automatic control* limiting the lifting and lowering of the load is also new, therefore there was no prior *similar combination* to be taken into account, and Claim 4 describes a true and patentable combination.

Appellant does not find any sensible connection between the print introduced on pages 74 and 75, and the questions involved in this case.

Page 76: As evident, Claim 4 does not in any way specifically designate rack and pinion mechanism; it includes broadly, means; and such means, as already mentioned, the Master defined as "a mechanism of a positive and rigid type such as rack bars and pinions, toggle lifts, or *screw type*," the latter being the type used by the Appellees in their infringing carriers.

Page 77: The attempted reflection by Appellees on Claim 4 by consideration of proceedings in the Patent Office, both with regard to the patent in suit, and the Gerlinger prior companion patent No. 1,422,958, is entirely unwarranted. It is the language of the claim of the patent and not the discussions in the Patent Office on the subject which the court looks to. *Denominational Envelope Company vs. Duplex Envelope Company*, 80 Fed. (2d) 186 C. C. A. 4th.

The insertions in Appellant's Brief between pages 3 and 4, and between 9 and 10, are self-explanatory. The pages of the transcript from which the quotations on the chart opposite page 15 are taken are stated on the chart, and can be referred to. The quotations are excerpts only.

* * * *

In regard to the subject of *laches*, the headline on page 67 of the Appellees' brief is an incorrect statement with regard to the doctrine of *laches*.

The statement on page 70, that "*mere delay* unaccompanied by any change of position by defendant in reliance upon plaintiff's conduct is sufficient to cause the dismissal of the bill of complaint", is a palpable misstatement of the doctrine of *laches*. All authorities on the subject of *laches* have affirmed time and again, that the doctrine is one built on an "equitable principle which is applied to promote but never to defeat justice", as quoted in Appellant's Brief at page 64. As said in *Gillons v. The Shell Company*, mere delay unaccompanied by anything else will not ordinarily bar a suit for injunction against a naked infringer. (P. 610).

The whole tenor of Appellees' Brief on this point is a bold attempt to convert mere delay on the part of Appellant in instituting suit into an excuse for discharging Appellees from their liability for their deliberate infringement, continued after the suit was instituted, at which time the patent in suit had still nearly five years to run.

The case of *Gillons v. The Shell Company*, 86 Fed. (2d) 600, has been studied by Appellant's counsel with great attention, because it may be said to be a condensed, comprehensive treatise on the doctrine of laches.

But that decision was not intended to give, nor can any textbook, or decision give a *formula* by which the finding of laches may be worked out in all cases where the question is raised. The finding of laches by the Court is based on the *particular* facts in each case. Thus the conclusion of this Court in *Gillons v. The Shell Company* was the inevitable result of the particular facts of that case, and no similar basic facts exist in the instant case. Judge Fee, in his opinion, referred to the "*distinguishing features*" (Tr. p. 142), merely applying that case in principle. The fundamental, never variable, principle is, *the doctrine of laches is applied to promote, but never to defeat, justice.*

The Appellees by their Answer to Appellant's Interrogatories, *disclaimed any charge against Appellant* other than delay in bringing this suit. (Appellant's Brief, p. 34).

The controlling factors distinguishing the instant case from *Gillons vs. The Shell Company* briefly stated are:

In *Gillons vs. The Shell Company*, the alleged infringement was predicated on a *past* act, viz: The building and using of a process and apparatus alleged to be covered by the patent in suit. The process and apparatus were used many years before suit was instituted. The plaintiff there *knew definitely* of defendants' use of his patent, and even had charged defendant with infringing his patent; nevertheless, did not bring suit to test the

alleged infringement. Furthermore, many years before the suit was finally brought, the plaintiff there *had threatened* to sue, but did not follow up the threat by action until the 11th hour, as it were, of the patent term. Such conduct on the part of the plaintiff there justified an inference by the defendant that the threat was mere bluff; and as Judge Garrecht, who wrote the opinion, well said, "was calculated to lull the Appellee into a feeling of security."

Further, in that suit, the question of invention and priority of invention was involved, and the long interval between the defendant's alleged infringement and the bringing of the suit affected the availability of proofs on which the question of patentability and priority were to be determined. Even the recollection of the facts by the plaintiff in that suit was admittedly faulty.

No similar circumstance exists in the instant suit.

The plaintiff in that suit *did not even seek an injunction, but asked merely for an accounting* for prior infringement.

On the other hand, in the instant case:

The Appellee, Willamette-Hyster Company had actual knowledge of its infringement brought to it by its manager Gustav A. Grab,—a discharged, hostile former employee of Appellant — who urged the building of straddle-type carriers copying in principle of operation the appellant's patent, with which Grab was closely familiar.

The infringement continued *after* this suit was instituted by the building of new and further straddle-type carriers. When suit was brought, Appellant's patent still had nearly five years to run, Appellant prayed that the Appellees, *be enjoined* from further infringing of Appellant's patent, and that they be required to account for their infringement *within the six-year period* prescribed by the Statute.

Since this suit was filed October 3, 1935, the six-year Statutory period extended back to October 3, 1929.

The latter part of 1928, Appellant renewed the making and selling of its straddle-type carriers, exclusively, under the patent in suit. *In February 1929, the Appellee, Willamette-Hyster Co. first began making and selling its infringing carriers.*

There obviously was *no abandonment* of Appellant's patent nor the invention thereby protected. Appellees' Brief misuses the term "abandoned" with regard to its meaning in patent law. Appellant merely *discontinued* making and selling its straddle-type carriers from 1923 to 1928 and manufactured its hydraulic carriers instead, on which it also had a patent, because Appellant in good faith desired to give its customers, the best carrier; but the hydraulic carriers did not prove satisfactory.

In the instant case, Appellant is chargeable at most with negligence in not bringing suit earlier. Appellees' Brief does not even attempt to point to any proof of injury sustained by either of Appellees in Appellant's delay in bringing suit.

The charge of Appellant's failing to notify Appellees of their infringement is nonsense, in view of the *actual knowledge* possessed by Appellee, Willamette-Hyster Co.

Appellant seeks the aid of the Court only in the enforcement of its patent rights in the premises within the *statutory six-years' period of limitation*, which *rights Appellees violated by the making of new and further carriers AFTER suit was instituted.*

Under these circumstances the holding of this Court in the case of Graftint Mfg. Co. vs. Baker et al, 94 Fed. (2d) 369, applies; in which case this Court's previous decision of Gillons vs. The Shell Company, Supra, was both considered and applied. The Court said:

"In deciding whether or not plaintiff is barred by laches from prosecuting his suit Courts of Equity generally will follow the analogous statute of limitations". And further said, "*There must be reliance on the delay resulting in a change of position by the party asserting laches.*"

The only evidence in the instant case is that the Willamette-Hyster Company manufactured and sold over three hundred carriers up to the trial of this case, for which it received \$2,000,000.00 (Appellant's Brief, p. 38). It withheld all information as to cost of carriers, or the appurtenances for making and selling them. Presumably these carriers netted Willamette-Hyster Company a profit. There was not even an attempt on the

part of Willamette-Hyster Company to make any statement as to in what respect it suffered the slightest injury.

There is not a scintilla of evidence that Willamette-Hyster Company used anything more than normal appurtenances for making the infringing carriers.

There is not a scintilla of evidence showing any injury to the Appellee, Willamette-Hyster Company if enjoined from continuing its infringement *after* this suit was instituted.

The burden was on Appellees establishing injury, if any, since such proof is presumably in their possession, and under their control.

Appellee, Willamette-Hyster Company did not state that it would have discontinued its willfull infringement, if suit had been brought earlier. To the contrary, since Appellee, Willamette-Hyster Company defiantly continued its infringement *after* this suit was brought, the fair presumption is that it would have continued its infringement defiantly, even if suit had been brought earlier.

And the defendant, Clark & Wilson Lumber Company likewise made no attempt to show any injury which it had sustained by the delay in bringing suit, but joined the Appellee, Willamette-Hyster Company, in justifying its defiance of Appellant's patent.

Under all the facts in this case Appellant was at least entitled to an injunction enjoining Appellee, Willamette-Hyster Company against further infringement

after this suit was instituted, and for recovery for the infringement thereafter perpetrated, in accordance with the doctrine of the case of *Menendez v. Holt*, 128 U. S. 514, 524, cited by this court in the case of *Gillons v. The Shell Company*.

* * * *

Appellant submits that Appellees' Brief manifests that the evidence does not support the finding by the District Court that Claim 4, in the broad language in which written, is invalid. Hence the presumption of the judgment of the Patent Office that Claim 4 does state a true invention of a combination as written, is not overcome.

Appellant further submits that the decree of the District Court is inequitable. Although not finding Appellant chargeable with any greater fault than dilatoriness in instituting this suit, nevertheless, it completely exonerates Appellee, Willamette-Hyster Company, even for its deliberate continued infringement *after* this suit was brought. Even conceding that dilatoriness may be deemed a justification for denying recovery for infringement *preceding* the institution of suit, on the theory of an implied license, when this suit was instituted this implied license was revoked and *Appellees then became defiant infringers*, and should be held to account.

Respectfully submitted,

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